



Patrick W. Henning, Director



Arnold Schwarzenegger
Governor

May 9, 2008
22M:385:DEJ:8032

Bryan Rogers, Executive Director
Pacific Gateway Workforce Investment Network
3447 Atlantic Avenue
Long Beach, CA 90807

Dear Mr. Rogers:

**WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08**

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Pacific Gateway Workforce Investment Network's (PGWIN) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting. This review was conducted by Mr. David Jansson and Ms. Mechelle Hayes from December 3, 2007 through December 7, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by PGWIN with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with PGWIN representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, PGWIN's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on March 20, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed findings 1, 2 and 3 cited in the draft report, no further action is required at this time. However, issues 2 and 3 will remain open

until we verify your implementation of your stated corrective action plan during a future onsite review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 80079 and 80080 respectively.

BACKGROUND

The PGWIN was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, PGWIN was allocated: \$1,929,966 to serve 408 adult participants; \$2,069,457 to serve 294 youth participants; and \$1,243,449 to serve 225 dislocated worker participants.

For the quarter ending September 30, 2007, PGWIN reported the following expenditures for its WIA programs: \$33,989 for adult participants; \$30,000 for youth participants; and \$23,335 for dislocated worker participants. In addition, PGWIN reported the following enrollments: 215 adult participants; 150 youth participants; and 174 dislocated worker participants. We reviewed case files for 34 of the 389 participants enrolled in the WIA program as of December 3, 2007.

PROGRAM REVIEW RESULTS

While we concluded that, overall, PGWIN is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: incident reporting, local grievance and complaint procedures, and supportive services. The findings that we identified in these areas, our recommendations, and PGWIN proposed resolution of the findings are specified below.

FINDING 1

Requirement:

20 CFR 667.600(b)(1) states in part that each local area must provide information about the content of the grievance and complaint procedures to participants and other interested parties affected by the local Workforce Investment System.

20 CFR 667.630 states in part that a Local Workforce Investment Area must report information and complaints involving criminal fraud, waste, abuse or other criminal activity that must be reported immediately through the Department of Labor's (DOL)

Incident Reporting System to the DOL Office of Inspector General (OIG), Office of Investigations.

WIAD02-3 states, in part, that subrecipients that receive WIA funds shall promptly report to OIG and the Compliance Review Division (CRD) all allegations of WIA-related fraud, abuse, and other criminal activity within one workday. Funding entities must provide written notification to lower-tier subrecipients regarding their responsibilities to be alert for instances of fraud, abuse, and criminal activity committed by staff, contractors, or program participants and to report all such instances to the funding entity, OIG and CRD immediately. Proof of this notification must be maintained in the funding entity's files.

Observation:

The PGWIN's Policy memorandum: WDB-21, Incident Reporting, dated April 3, 2006, did not include the requirement to report any allegations to the OIG and CRD or include their respective office addresses. During the review, PGWIN staff revised its Incident Reporting memorandum to include the information noted above. However, at the time of the review, PGWIN had not provided written notification of the revisions to its lower-tier subrecipients.

Recommendation:

We recommended that PGWIN provide CRD with a corrective action plan (CAP), and timeline specifying it's procedures to provide all lower-tier subrecipients with a copy of the revised Incident Reporting procedure.

PGWIN Response:

PGWIN stated that they provided written notification of the revisions to lower-tier subrecipients via its e-notify system on February 25, 2008.

Subsequently, PGWIN provided documentation to CRD of their notification to subrecipients on April 14, 2007 in the form of a printout noting the revised Memorandum-of-Understanding, WDB-21, Incident Reporting.

State Conclusion:

PGWIN's corrective action is sufficient to resolve this issue.

FINDING 2

Requirement:

WIA Section 181(c) states, in part, that each local area receiving an allotment under this title shall establish and maintain a procedure for grievances or complaints alleging violations of the requirements from participants and other interested parties. Furthermore, such procedures shall include an opportunity for a hearing to be completed within 60 days after the filing of the grievance or complaint.

20 CFR 667.600(c)(2) states, in part, that an opportunity for an informal resolution and a hearing be completed within 60 days of the filing of the grievance or complaint.

Additionally, WIAD03-12 requires that participants receive notification that includes:

- Instructions and timelines on how to file a complaint.
- Information about their right to receive technical assistance.
- Instructions on how and who to file an appeal with the State of California requesting a State hearing if a complainant does not receive a decision at the LWIA level within 60 days of the filing of the grievance or complaint, or receives an adverse decision.

Observation:

The PGWIN Customer Complaint Procedures form, which also acts as the participant acknowledgement form does not include the following information:

- An opportunity for an informal resolution and a hearing to be completed within 60 days of the filing of the grievance or complaint. This information was not included in the Customer Complaint Procedures form.
- The participant's right to receive technical assistance.
- The address of EDD's CRD office for the filing of an appeal.

Recommendation: We recommended that PGWIN provide CRD with a CAP and timeline to revise its Customer Complaint Procedure acknowledgement form to include all requirements noted above and an explanation of how it will ensure that all active participants receive the revised notice.

The revision should include specific timelines and procedures to participants and any interested persons specific to the program grievance and complaint procedures as required.

PGWIN Response: PGWIN revised its Customer Complaint Procedure Acknowledgement Form to include all requirements noted above. PGWIN mailed revised notices to active WIA Adult participants. All new customers will receive a copy at enrollment consistent with PGWIN's Service Integration/Learning Lab model submitted to the State. All customers are enrolled in WIA.

State Conclusion: PGWIN's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, PGWIN's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80079.

FINDING 3

Requirement: OMB Circular A-87, Attachment A, Section C. Basic Guidelines, Part A states, in part, that for costs to be allowable they must be necessary. Part J states that those costs must be adequately documented.

OMB Circular A-87, Attachment A, Section C and J, states, in part, that for costs to be allowable they must be necessary and reasonable for proper and efficient performance and administration of Federal awards, and that those costs must be adequately documented.

Observation: We found that eight of 34 case files reviewed did not have receipts for gas, food or clothing vouchers provided to participants. There was no documentation

to support that vouchers were used for their intended purpose.

Recommendation: We recommended that PGWIN provide the CRD with a CAP and timeline specifying how PGWIN will obtain verification that the vouchers were used for its intended purpose.

PGWIN Response: PGWIN stated that it recently revised and immediately implemented the Supportive Service policy, which identifies proper supporting documentation to ensure vouchers are used for their intended purpose. The following are excerpts of the changes in the policy.

Vouchers are pre-purchased and maintained by the Network's Trustee. PGWIN staff is responsible for notifying the customer of their requirement to return a receipt for items purchased in the amount of the voucher, or return the monetary balance before additional supportive services of any kind may be provided. The Job Training Automation (JTA) enrollment form should correspond with appropriate activity codes. An original form must be maintained in the customer's file and recorded on their Supportive Service tracking form. In addition, PGWIN provided specific expectations related to obtaining verification that gas, food and attire vouchers are used for their intended purpose.

State Conclusion: PGWIN's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, PGWIN's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80080.

In addition to the findings above, we identified a condition that may become a compliance issue if not addressed. Specifically, PGWIN staff stated that the Senior Community Services Employment Program (SCSEP) representative on the Greater Long Beach Workforce Investment Board (WIB) had not attended any WIB meetings in over a year. We suggested that the WIB continue to work on replacing the inactive WIB member with an alternative SCSEP representative.

In its response, PGWIN stated that it requested a SCSEP One-Stop partner nomination from the Assistant Director of Senior Services of the County Department of Community and Senior Services in November 2007. The Assistant Director requested the appointment of Ms. Sapp-Pradia. On January 14, 2008, PGWIN emailed Ms. Sapp-Pradia and requested the completion of the WIB Application so it could be forwarded to the chief elected official for approval. We suggest that PGWIN follow-up to either obtain the completed Application and forward it for approval or take action to nominate another SCSEP representative.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is PGWIN's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain PGWIN's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Jim Tremblay at (916) 654-7825 or Mr. David Jansson at (916) 645-7690.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a large, stylized loop at the end.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Norma McKay, MIC 50
Larry Scaramella, MIC 50